

2008

TENNESSEE GUIDE TO

Tennessee

DISTRIBUTION CENTERS

Tennessee Department of Economic & Community Development



Distribution Centers



Distribution Centers are a compilation of several industry subsectors pertaining to the wholesaling, storage and transport of goods. Facilities in this industry fall into one of two sector groups: Wholesale Trade (NAICS 42) and a subsector of Warehousing and Storage (NAICS 493).

The Wholesale Trade sector comprises establishments engaged in wholesaling merchandise, generally without transformation, and rendering services incidental to the sale of merchandise. This sector comprises two main types of wholesalers: merchant wholesalers that sell goods on their own account and business electronic

markets, agents, and brokers that arrange sales and purchases for others generally for a commission or fee. Industries in the Warehousing and Storage subsector are primarily engaged in operating warehousing and storage facilities for general merchandise, refrigerated goods, and other warehouse products. They may also provide a range of services related to the distribution of goods, known as logistics services. Logistics services can include labeling,

breaking bulk, inventory control and management, light assembly, order entry and fulfillment, packaging, pick and pack, price marking and ticketing, and transportation arrangement.

Wholesalers are organized to sell or arrange the purchase or sale of:

- goods for resale (i.e., goods sold to other wholesalers or retailers)
- capital or durable non-consumer goods
- raw and intermediate materials and supplies used in production.

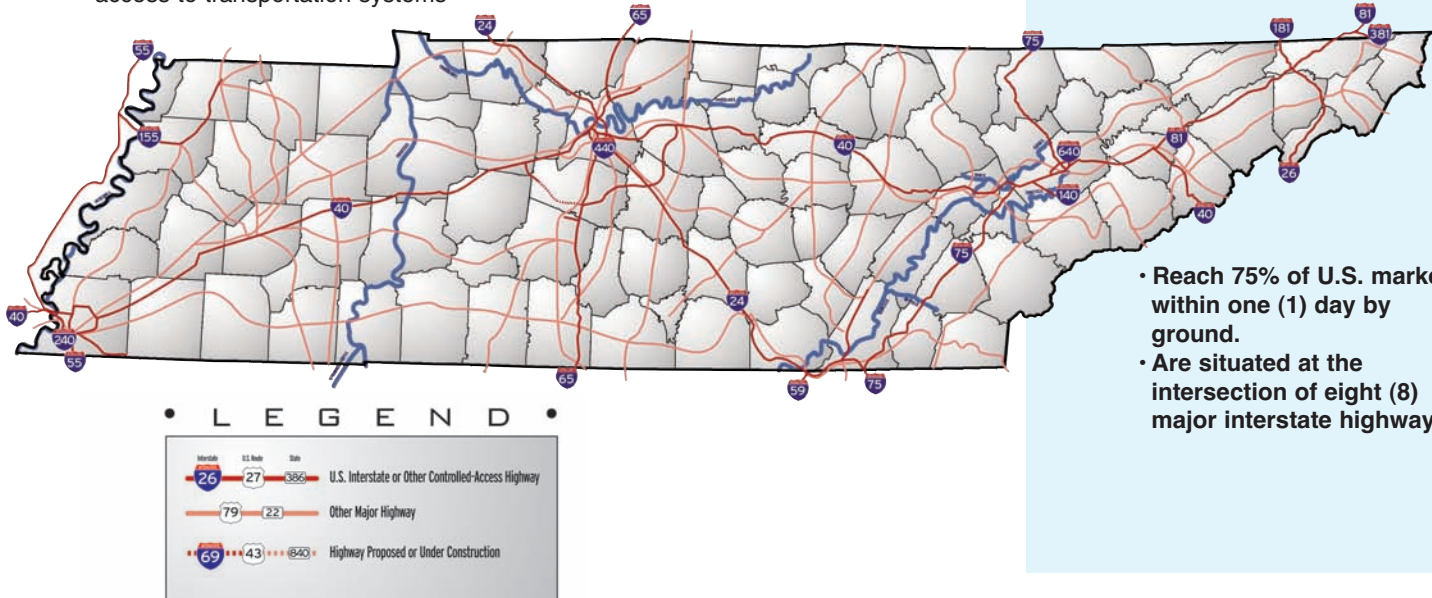
Tennessee is home to 12,636 distribution centers employing approximately 144,809 people. Tennessee is the optimal choice for distribution centers because these enterprises normally require fast access to transportation systems

within easy reach of metropolitan market areas. Tennessee offers numerous rural and semi-rural areas with fast access to metropolitan markets and an unsurpassed transportation infrastructure.

DID YOU KNOW?...

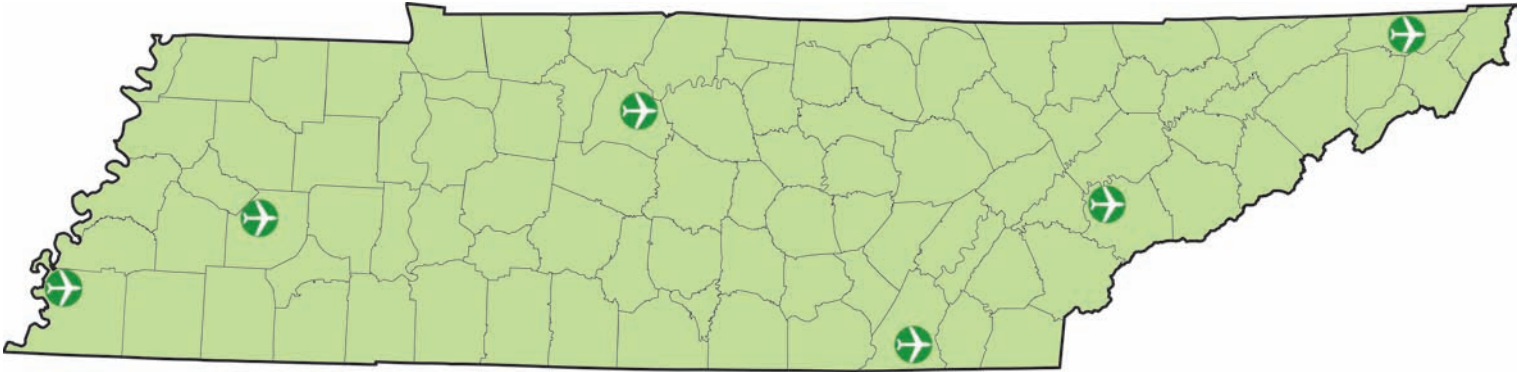
Tennessee's strong transportation infrastructure is especially important to the growth of distribution centers in the state. Tennessee distributors:

- Reach 75% of U.S. markets within one (1) day by ground.
- Are situated at the intersection of eight (8) major interstate highways.









Advantage Tennessee—By Air

Access the world's busiest freight airport with connections to any location in the world.



Commercial Service Airports

	Nashville International, Nashville	(longest runway - 11,029')
	Memphis International, Memphis	(longest runway - 11,120')
	McGhee Tyson, Knoxville	(longest runway – 9,000')
	Chattanooga Metropolitan, Chattanooga	(longest runway – 7,400')
	Tri-Cities Regional TN/VA, Bristol-Johnson City-Kingsport	(longest runway– 8,000')
	McKellar-Sipes Regional, Jackson	(longest runway – 6,000')

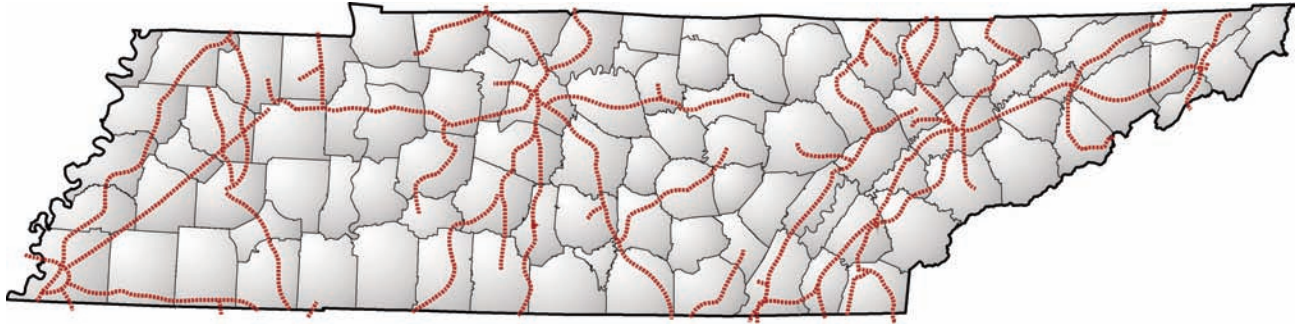
General Aviation Airports

- Tennessee has 75 regional and community service airports.

Advantage Tennessee—By Rail

Tennessee provides many options for rail transportation for industries in the state. There are three major traverse parts of the state: Norfolk-Southern, CSX, and Illinois-Central.

- Memphis is a gateway for four major railroads that serve points west of the Mississippi River and the third largest rail center in the U.S.



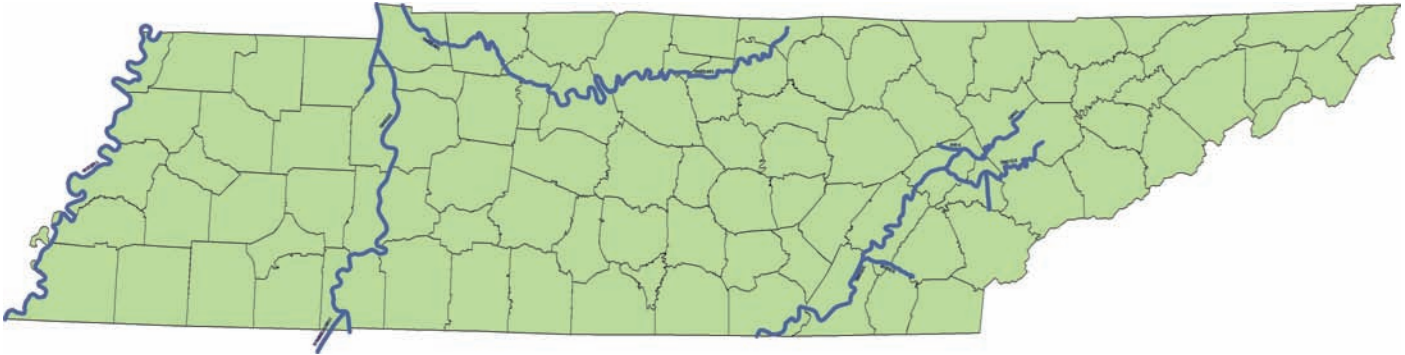
SHORT-LINE RAILROADS

- Nineteen railroads serving small communities and rural areas
- Substantial investments have been made in intermodal facilities to accommodate TOFC, COFC and bulk storage transfers at several Tennessee locations.

Advantage Tennessee—By Water

Tennessee is centrally located on the nation's inland waterway system.

- This system connects terminals on the Tennessee, Cumberland, and Mississippi Rivers, and their tributaries, with river ports in 21 states and ocean ports in Houston, New Orleans and Mobile.
- Tennessee enjoys the benefits of more than 1,062 miles of navigable waterways.



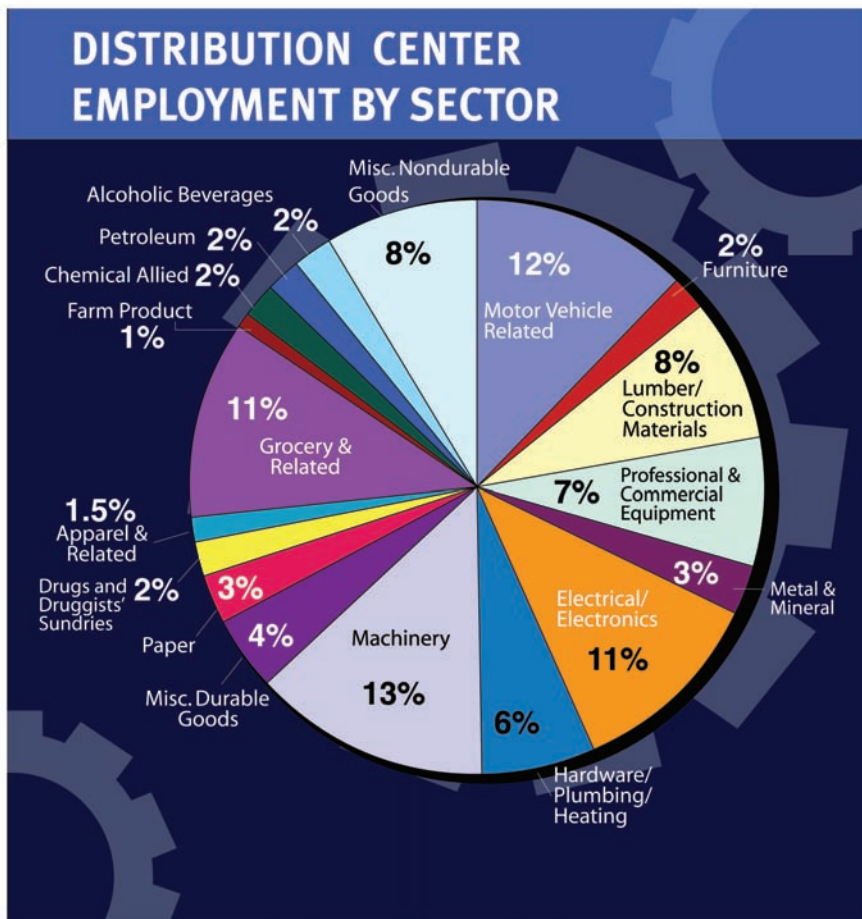
- Memphis is the 4th largest inland port in U.S.
- Special-purpose terminals are used by more than 200 existing Tennessee industries.
- General-purpose terminals handle cargo of all types and can accommodate the interchange of traffic and freight between barge and rail.
- The Tennessee-Tombigbee Waterway provides Tennessee with direct access to the Gulf of Mexico harbors and international markets.
- The largest civil works project ever undertaken by the U.S. Army Corps of Engineers

Distribution centers are spread fairly evenly across the State of Tennessee, with concentrations in and around some of the larger cities. There are 2,813 distribution centers in West Tennessee, 3,701 in Middle Tennessee, and 3,300 in East Tennessee. Shelby County in West Tennessee leads the state with 2,018 distribution centers, which employ 37,945 people. In Middle Tennessee, Davidson County has 1,495 distribution centers, which employ 24,383 people. In East Tennessee, Knox County has 942 distribution centers, employing 13,920, and Hamilton County has 732, employing 7,234.



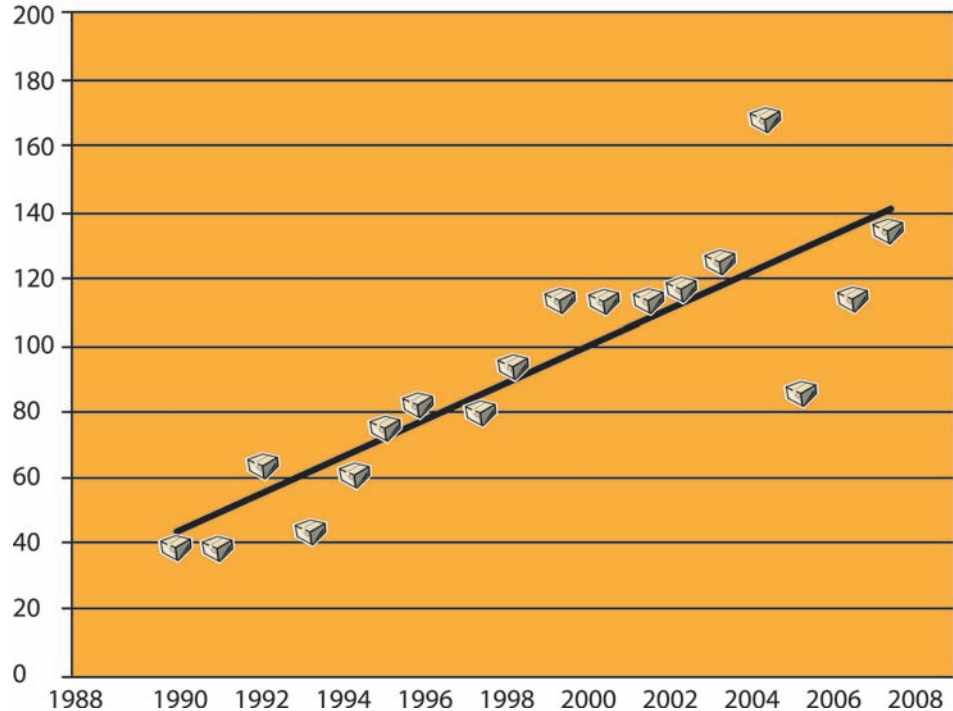
Distribution centers in Tennessee handle a wide variety of products. Thirteen percent of the employees in this sector are employed at distribution centers related to machinery. This is followed by motor vehicle related products employing twelve percent of the employees followed by electrical and electronic goods and grocery products employing eleven percent each.

The adjacent graph represents the employment distribution by sector.



NEW AND EXPANSION PROJECTS

As the New and Expansion Projects chart indicates, the distribution center sector in Tennessee has historically shown strong and steady growth. Between 2001 and 2006 there were over 1,000 new distribution centers opening for business. Employment in distribution centers is over 7% of the total employment of all sectors and represents 11% of the service sector. Given this trending towards positive sector expansions, Tennessee is fast developing an outstanding infrastructure system that gives our distribution centers unbeatable advantages in logistical efficiency.



Labor Market Information

Tennessee's wage rates are competitive with those of any area of the country. The table below gives the average annual pay for workers in distribution centers in Tennessee as a whole as well as in some individual counties.

Average Annual Pay	
Tennessee Overall	\$50,981
Shelby County	\$55,171
Davidson County	\$55,690
Knox County	\$49,730
Hamilton County	\$48,584
Madison County	\$38,195

Source: U.S. Department of Labor, Bureau of Labor Statistics, 2006

Advantage Tennessee—Driving Distance(s)

Tennessee is the strategic choice for distribution centers because of its central location. Tennessee is within a day's drive of the majority of the U.S. market centers. The table below gives the driving distances between several well positioned cities in Tennessee and important cities in other states.

Distance (in miles)

	Memphis	Nashville	Chattanooga	Knoxville	Jackson	Johnson City
Atlanta	388	247	118	214	379	266
Birmingham	242	192	147	257	219	361
Cincinnati	482	271	359	251	401	354
Chicago	533	470	602	540	517	643
Dallas	452	664	784	843	540	947
Detroit	742	532	620	512	622	615
Indianapolis	464	287	419	358	417	460
New Orleans	395	533	490	601	477	703
Orlando	826	686	556	652	817	641
St. Louis	284	308	440	485	268	589
Tupelo	107	239	287	397	105	501
Washington D.C.	877	665	598	488	797	411
Toronto, CANADA	971	761	849	741	891	134

Sources: The Road Atlas '05; www.mapquest.com

Many companies own large distribution centers located in the State of Tennessee. Technicolor Videocassette, Inc. in Shelby County employs 3,500 people. Nike Inc. and Nissan North America Inc. also have distribution centers in Tennessee that employ 1,000 or more people. The table below gives the 20 largest distribution centers in the state.

COMPANY	LOCATION	COUNTY	EMPLOYEES
Technicolor Videocassette Inc	Memphis	Shelby	3500
Ingram Book Co	La Vergne	Rutherford	2048
Nike Inc	Memphis	Shelby	1010
Gap Inc	Gallatin	Sumner	1000
Nissan North America Inc	Smyrna	Rutherford	1000
Stellar Management Group, Inc	Chattanooga	Hamilton	947
Sara Lee Co	Newbern	Dyer	850
Robert Orr Sysco Food Services LLC	Nashville	Davidson	694
AT&T Mobility LLC	Memphis	Shelby	600
Hardin's-Sysco Food Services LLC	Memphis	Shelby	600
Manheim Auctions Inc	Nashville	Davidson	600
Newell Rubbermaid Inc	Maryville	Blount	500
Lennox Hearth Products Inc	Union City	Obion	440
Institutional Jobbers Co Inc	Louisville	Knox	434
Kenneth O Lester Inc	Lebanon	Wilson	425
Epic Technologies LLC	Johnson City	Washington	400
Square D Co	Nashville	Davidson	400
Masco Corp of Indiana	Jackson	Madison	385
Wwl Vehicle Services Americas Inc	Smyrna	Rutherford	375
Honeywell International Inc	Jackson	Madison	375

REFERENCES

Economic Report to the Governor of the State of Tennessee: On the State's Economic Outlook. January 2005: Center for Business and Economic Research, College of Business Administration, University of Tennessee. 2005

Harris Infosource 2007

The Road Atlas '07. Rand McNally; www.mapquest.com; www.google.com

U.S. Census Bureau

U.S. Department of Labor, Bureau of Labor Statistics. <http://www.bls.gov/home.htm> 2006

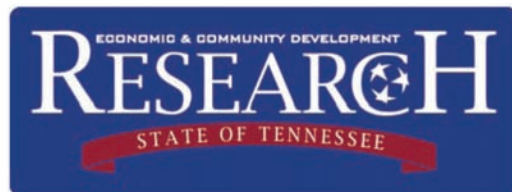
The Source. Tennessee Department of Labor and Workforce Development: <http://thesource.tnui.net/default.asp>

Tennessee GIP 2007



KINGSLEY BROCK
BUSINESS DEVELOPMENT DIVISION

615.532.9821
[HTTP://WWW.TNECD.GOV](http://www.tnecd.gov)



*Tennessee Department of Economic and Community
Development, Authorization #330983 – 3,600 copies
September 2007. This public document was promulgated at a
cost of 11¢ per copy.*

